

**More milk by and for the poor:
Adapting dairy market hubs
for pro-poor smallholder value chains in Tanzania
(MoreMilkiT)
Report to Irish Aid-Tanzania
September 2015 – March 2016**



Photo: Milk traders developing their business plans at a business opportunity seminar in Morogoro, 30th Nov -3rd Dec 2016

**MAZIWA
ZAIDI**

More Milk in Tanzania (MoreMilkiT) Project

Irish Aid funding support to the International Livestock Research Institute and R&D partners in Tanzania (with Sokoine University of Agriculture as strategic partner)

Supporting the



**RESEARCH
PROGRAM ON
Livestock and Fish**

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Background

This includes the basic details, such as the name of implementing organisation, the name of the project, the period of the grant, the reporting period, and the grant amount.

This semi-annual report by the International Livestock Research Institute (ILRI) to Irish Aid – Tanzania presents activities undertaken by the More Milk in Tanzania (MoreMilkiT) project from September 2015 to March 2016. Following an inception in 2012, the MoreMilkiT project embarked on a four-year (2013 – 2016) research for development effort that is contributing to Irish Aid’s Country Strategy paper (CSP) for 2011-16 Goal of Inclusive Growth, Reduced Poverty and Vulnerability, specifically to Outcome 1 - Rural Poor are more Income Secure - and Objective 1 - Improved livelihoods of smallholders and pastoralists. The project aims to ensure more income security through enhanced access to demand-led dairy market business services and viable organisational options. The project’s objectives are:

1. Develop scalable value chains approaches with improved organizations and institutions serving smallholder male and female households
2. Generate and communicate evidence on business and organizational options for increasing participation of resource poor men and women in dairy value chains
3. Inform policy on appropriate role for smallholder-based value chains in dairy sector development

The project is being implemented by ILRI in collaboration with Sokoine University of Agriculture (SUA), Heifer International in Tanzania (HIT), Faida Market Linkages (Faida MaLi) and Tanzania Dairy Board (TDB). Irish Aid’s financial contribution to the project under the second Memorandum of Understanding is up to a maximum of €1,600,000 for the period December 2013 – May 2017. The project is in support of the CGIAR Research Program on Livestock and Fish that focuses on smallholder dairy value chain research for development in Tanzania, locally referred to as *Maziwa Zaidi*.

Summary of Actions

This short summary sets out the main activities and decisions undertaken from September 2015 to March 2016. In this reporting period, the activities and decisions have mainly been in response to the recommendations of the mid-term review that took into account the key challenges and /or learning that has emerged to date and influenced the remaining activities

The key research question that the MoreMilkiT project seeks to answer is: **Can the dairy market hub (DMH) approaches being piloted increase dairy income for pre-commercial smallholder female and male cattle producers?** The project’s strategy to achieving its goal is to promote and facilitate the formation of functional but flexible dairy market hub (DMH) approaches in both the extensive and intensive milk producing project areas of Tanga and Morogoro regions. During the July 2015 [mid-term review](#) of the project, it was observed that **‘important steps towards the establishment of functioning dairy market hubs have been completed in the field’** and that **‘there is now experience in the field from which**

evidence can already be generated to inform the project and other interested parties about how to go about establishing adapted DMHs in different contexts.’ The MTR then made seven recommendations for successful completion of the project given the lessons and challenges it was facing, and from September 2015, the project began to undertake only those activities that it deemed to be appropriate in addressing the recommendations. Below is a summary of the recommendations and the corresponding actions up to March 2016, with web links to further information including related reports and case studies pulled out in the relevant section.

- 1. Consider whether to reduce the number of sites from 30 to a number that can be handled well given the time and resources available, and if so the criteria for doing so – bearing in mind the need to retain a range of contexts in which different forms of adapted DMH can develop.**

A *key challenge* that the MTR noted was that the project was deemed to be spreading its limited resources too thinly across many sites. This issue was discussed at the [5th Maziwa Zaidi planning and review meeting](#) in September 2015. A basic assessment of the level of group development was undertaken for each producer group, and it revealed that 13 groups, all of which are located in the extensive cattle feeding system, were lagging the rest. However, the idea to drop these groups (sites) was rejected by the Steering Committee, who instead promised to ensure greater involvement of the local governments in nurturing the groups as reflected in the [minutes of the Steering Committee](#) meeting that was held back-to-back with the review and planning meeting. Follow-up of actions thereafter by the project however appears to be stifled by limited budgetary allocations at the district level. For the project to be able to ‘graduate’ the groups and their hubs and where necessary hand some of them over to the local governments as it approaches completion, it began developing a stage-gating tool for this purpose. This tool will take into account the previously generated evidence on [cattle keepers’ preference for dairy business hub options](#) in the pilot sites. In addition, since the meeting resolved to keep all the sites, it was, however, agreed that the number of activities at each site be reduced to only those that are likely to produce significant impact, more specifically, to only those that would support the hubs to exploit existing or potential business opportunities. The activities undertaken to this end are reported under recommendation 5.

- 2. In all contacts with farmer groups, seek to develop an understanding of the scope and nature of the project, specifically, that it is not a vehicle for funded asset transfer.**

A *key lesson* noted by the MTR was the misperception of the project as a source for breeding cattle and other assets. This issue arose, not out of the project promising any form of asset transfer, but rather out of a mind-set on the part of project beneficiaries

that a project like MoreMilkiT should provide dairy cattle, especially since that form of asset transfer is at the core of the approach used by Heifer International, one of the project partners, who has incidentally previously worked in the same villages. This misunderstanding has been addressed in the sites where it arose, especially in Mwangoi and Kweditilibe. Partners have, in the course of their field activities, endeavoured to clearly explain the scope of the project to the beneficiaries and remind them of the shared responsibility and roles in their site specific plans. And the beneficiaries now seem to appreciate the project's unique approach to facilitating business linkages towards development of the dairy value chain that does not involve funded asset transfer.

- 3. Allocate time in the regular discussions and reviews among project partners to identify lessons that can be documented from current, ongoing activities so that appropriate learning can be shared.**

This recommendation emanated from the observation that documentation had been focused more on quantitative indicators of impact and less on qualitatively generated lessons. The two partner activity planning meetings (in [Arusha](#) and [Dar es Salaam](#)) that followed the [Bagamoyo meeting](#) emphasized the need to document, on an ongoing basis, the nitty-gritty of the processes undertaken in creating hubs, and the lessons learned. Each partner was tasked to not only report on the field activities undertaken but to also comprehensively document and share field observations that would enrich discussions on processes and lessons learned. Therefore post-MTR field reports have, where applicable, included more observations from the field, lessons learned from the field activities as well as emerging issues, and these will be discussed in the Skype and other partner meetings.

- 4. Revise the proposal to Irish Aid for additional funding to include the appointment of an experienced development-focused project manager for the remainder of the project who can ensure the required momentum of activity in the field is sustained and that emerging bottlenecks are addressed quickly.**

The proposal to Irish Aid for additional funding was revised to reflect the new focus areas and actions recommended in the MTR report and in April 2016, the project received formal approval from Irish Aid to expend the ring fenced additional funds "*in response to the positive steps that ILRI has taken to address the key MTR findings and their recommendations*". The funds will mostly cover mentoring and coaching and documentation of lessons as reflected the 2016-17 annual work plan and budget (AWPB). The departure of the project's Field Coordinator in January 2016 provided an opportunity to recruit a replacement with substantial experience in development work. The new Field Coordinator, [Johannes Osarya](#), recruited in March 2016, has considerable experience in program management and knowledge of dairy and other

agricultural product value chains in Tanzania, gained from previous work with various organizations. He will actively interact with milk traders, input and service providers, farmer group representatives and local government officials, and will work closely with the project partners in implementing the remaining field activities and documenting of lessons.

5. Identify what the priority activities are in the field for the next 18 months (to December 2016)

Two partner meetings on 1) [improving business linkages](#) 2) [strengthening farmer groups and improving milk quality assurance](#) were held with project partners to identify priority field activities for the remainder of the project. Priority activities were defined as those that would (a) support the targeted value chain agents to exploit existing business opportunities, (b) enhance learning, and (c) ensure an orderly exit of the project.

Existing business opportunities include the potential for milk producers to increase their access to input and output markets through milk traders and processors. Increasing market access through milk traders is to be achieved by **nurturing the growth of DMHs around businesses of small-scale milk traders in both intensive and extensive feeding areas**, while increasing market access through milk processors specifically relates to **supporting the business linkage established between five producer groups in the extensive feeding areas and ASAS Dairies Ltd.** In this reporting period, the following field activities were undertaken to support the growth of DMHs around milk traders and ASAS Dairies Ltd., the processor:

- i. [A business opportunity seminar](#) (BOS) was held for 25 milk traders. Milk traders were trained on milk marketing and dairy business management among other topics, with the overall aim of helping them to identify business opportunities such as selling inputs and services and adding value to milk products in their respective localities. Specifically, the seminar enabled participants to develop individual business plans including enterprise budgets that will be the basis for subsequent mentoring and coaching at an individual level. The BOS involved representatives of [ASAS Dairies Ltd](#) who participated based on their expressed interest to collect milk from five producer groups in project areas in Morogoro. Some of these traders reported on how their [milk business has changed their lives](#).
- ii. Identification of priority actions needed to strengthen the linkage between the milk traders that participated in the BOS and individual milk producers from whom they procure milk as well the linkage between milk producer groups in the intensive cattle feeding system and their milk collection centres. A total of 235 milk producers (158 men and 77 women) from 10 villages of Kweditilibe,

- Kwabaya Kwedyamba and Konje in Handeni district (extensive system), and Mwangoi, Ubiri, Wena, Mbuzii, Kwemashai and Ngulwi in Lushoto district (intensive system) met with project staff and agreed on the activities to be implemented. For milk producer groups in the intensive system, the meeting reaffirmed the need for trainings already identified in their site-specific plans.
- iii. Subsequent to activity (ii) above, a total of 461 milk producers (260 men and 201 women) in Mwangoi, Kwemashai, Ngulwi, Wena, Kwabaya and Kweditilibe (selling milk to milk collection centres), Ubiri, Mbuzii, and Kwedyamba (selling milk to milk traders) were trained on various topics of animal husbandry including pasture establishment, fodder preservation, disease prevention and control, breeding and calf rearing.
 - iv. Mentoring and coaching of milk traders that participated in the BOS. The aim was to help the traders refine their business plans, which they had drafted during the BOS, and to determine the extent to which the plans were being operationalized.
 - v. Training on group development of the five producer groups linked to ASAS Dairies Ltd. A total of 179 producers (105 men and 74 women) were trained.
 - vi. Training of the above groups on collective bulking and marketing of milk.

Field activities for the period April to December 2016 that aim to further enable project beneficiaries tap into existing business opportunities can be found in the partners' work plans. They include, in general, activities aimed at increasing milk supply and quality, increasing the number of business transactions for both inputs (including services) and output, and those aimed at improving value chain governance.

To enhance learning, it was agreed that all remaining field activities would involve more detailed field observations and adequate documentation of lessons regarding formation of DMHs. Lessons will be generated from follow up visits seeking to determine how effective the various trainings have been, the degree to which formalized business contracts had been executed, the role that LGAs have played in the formation of DMHs and what else they could and should do to ensure sustainability, and the adoption and importance of specific interventions such as the use of check-off arrangements in accessing credit, the use of the Mazzican in improving milk quality, and the effectiveness and impact of oestrus synchronization, an upcoming activity in selected project sites. Other planned field activities that will enhance learning will be the final monitoring survey tentatively scheduled for August/September 2016 and the policy forum/ conference on what works well, where and how tentatively scheduled for Apr/May 2017.

The project is very keen to ensure an orderly exit of the project. It was therefore agreed that the level of development of the 30 DMHs will be established through a stage-gating exercise to objectively determine their sustainability. This exercise is tentatively scheduled for July 2016, and those DMHs needing further assistance will be handed over to the local government authorities with recommendations on what additional support they would need to be self-sustaining. Work on developing the stage-gating protocol commenced in the reporting period through adaptation of an assessment tool known as a [dairy producer sustainability assessment tool](#) (POSA) that was previously developed by ILRI and partners for use in the first phase of the East Africa Dairy Development Project (EADD) to measure producer organizations' progress towards sustainability. In addition, the project is developing a related tool known as trader assessment tool (TAT) to assess the sustainability of traders' businesses in the projects pilot sites.

6. Identify what needs to be done in order to draw lessons from the DMH experience by June 2017.

Lessons from the project will be drawn from findings in relation to impact evaluation and key learning (secondary) questions, which were distinguished and clarified as advised by the MTR, and were communicated to Irish Aid. As mentioned earlier, the key primary research question is: ***Can the dairy market hub (DMH) approaches being piloted increase dairy income for pre-commercial smallholder female and male cattle producers?*** Secondary questions are:

- a. What DMH approaches should be promoted in different contexts?
- b. How can DMHs be established in different contexts?
- c. What are the enabling factors for each DMH approach in each context?
- d. How can policy be influenced so that dairy sector investments are deployed to better target the poor and marginalized using the pre-commercial DMH approaches?

Quantitative information will be generated from the monitoring and evaluation surveys to be able to answer the primary research question. Information pertaining to the learning questions will mainly be qualitative and will be based on case studies, detailed documentation of processes involved in hub formation, field observations on mediating physical, social and economic conditions for hub formation, and the stage-gating exercise. In addition, lessons learned from multi-stakeholder platforms including the Dairy Development Forum (DDF) on policy processes related to the transformation of the dairy sector as envisaged in the Maziwa Zaidi [Theory of Change](#) (ToC) will be documented. Following on previous [five DDF meetings](#), a very successful [sixth DDF](#) meeting with about 100 participants took place in Njombe on 29 May 2016. Noteworthy were reports on how the national DDF members in nurturing or influencing the formation of several regional dairy innovation platforms that are now

in various stages of operations in Morogoro, Manyara and Mara regions and in 11 districts in the southern highlands, four of which were reported to be operational. Prior to the 6th DDF meeting, a meeting to [review communications around the DDF](#) was held with Tanzania Dairy Board that acts as the Secretariat of the DDF and other stakeholders. We previously shared the following studies on lessons on the DDF and local area innovation platforms: [Impact of innovation platforms and information sharing on nurturing of smaller innovation platforms](#); [Dairy development in Tanzania with local innovation platforms: When and how can they be useful](#); [The Tanga Dairy Platform: Fostering innovations for more efficient dairy chain coordination in Tanzania](#). These lessons will be consolidated in a synthesis report for sharing with a wider audience in 2017 on works well, where and how.

A SWOT analysis resulted in a new work plan to further improve communications that builds on the lessons documented so far. In order to adequately capture all relevant lessons, greater involvement of ILRI in partners' field activities was deemed paramount. As a result, the Terms of Reference and work plan of the new Field Coordinator have been designed to reflect this imperative.

7. Draw-up clear, costed plans for engagement and dialogue around lessons for policy – as part of a revised communication and knowledge sharing strategy.

Proposed revisions to the Maziwa Zaidi communication and knowledge sharing strategy that were communicated to Irish Aid as [ILRI's response to the MTR](#) were discussed during the September 2015 review and planning meeting in Bagamoyo and the changes are being incorporated in a revised strategy. Having been developed with considerable stakeholder input, the Maziwa Zaidi ToC that captures the changes we want to see at community and national levels and what we do with who and when was rightly suggested to be considered as part of the strategy and the types of messages, audiences and mediums are being revised accordingly. It is within the communications strategy's and ToC's framework that planned engagements such as a write-shop to consolidate what works, where and how; a critical reflection stakeholders' workshop to reflect and dialogue on key lessons; and, an end of project policy conference will be held. The project will later hold a meeting in late October 2016 with partners to critically reflect on the changes that have taken place in the ToC building on the already documented processes and [innovation architecture](#) in the Tanzania dairy value chain, highlighting the key role of various organizations in dairy development at national and local levels.

Progress Achieved

This sets out in detail the progress achieved in project implementation thus far, comparing progress with intended outputs and outcomes as per the original proposal, with reasons provided if progress has not been achieved in relation to particular activities. Mainstreaming of Irish Aid's cross-cutting priorities (gender equality and environmental sustainability) is indicated where necessary.

Summary of progress on outputs and activity milestones as of August 2015

Objective	Outputs and Activity Milestones	Progress by March 2016	Due date if pending	Comments
Objective 1: Develop scalable value chains approaches with improved organizations and institutions serving smallholder male and female households	Output 1.1 Vibrant, well organized, and sustainable DMHs delivering demand-led inputs and services developed (Led by development practitioner to be identified and recruited): 1.1.1 Establish pilot DMHs Initiate discussions on partnership arrangements with dev partners; Recruit dev partner; agree DMH choices & villages; refine DMH constructs; identify constraints & responses to DMH introduction in villages; establish initial batch of primary DMHs; mobilise cattle keepers to participate in DMHs 1.1.2 Operation of pilot DMHs Design process & activities to empower DMHs; Initiate operation of DMHs	<i>Cumulative Indicators in Jun'15-May'16 work plan: 30 DMHs; 1600 members; 14 BDS; 40 traders.</i> FAIDA MaLi (a local NGO) engaged to complement Heifer & TDB in piloting DMHs; all 30 farmer groups legally registered with a total membership of 2,336 farmers (1,230 men, 1,106 women) Design of process and activities to create DMHs initiated: bottom-up site-specific planning undertaken across 30 villages; types of hubs to be piloted in each village determined; partners' revised activity plans generated and synchronized/consolidated; DMHs established in 20 out of 30 villages (66%) based on a total of 21 service contracts out of targeted 54 cumulative target (38%); survey of micro-finance agents willing to lend to milk producers undertaken;	On track	Operations initiated across all 30 sites; two types of DMHs are being operationalized – those involving collective milk bulking and revolve around milk collection centres and those based on individual milk marketing and revolve around milk traders
	1.2 DMHs governance strategies and interventions strengthened through non-formal training: 1.2.1 Strengthening actors and their organisations	<i>Cumulative Indicators in Jun'15-May'16 work plan: Training needs; 1600 trained; # linkages made</i>	On track	

	<p>Conduct training & linkages needs assessments; develop/adapt training materials; conduct trainings and promote linkages for specified benefits</p>	<p>Capacity development (CapDev) identified as a key agenda under DDF; Gender Capacity Assessment Guide developed and applied for assessing capacity gaps among the program's partners; 29 groups with 1,787 farmers (847 men, 940 women) out of 1600 cumulative target (111%) trained on group development; 1581 farmers (833 men, 748 women) trained on cattle husbandry (461 in this reporting period); 641 farmers (300 men, 341 women) trained on dairy business management; 614 farmers (316 men, 298 women) trained on gross margin calculation; process of establishing hub linkages undertaken in all 30 villages; record keeping books distributed to 30 villages; efforts to link ASAS Dairies with 5 groups initiated; 333 milk producers (140 women, 193 men) trained on collective bulking and marketing of milk and operating a check-off credit arrangement; 33 milk producers (12 women, 21 men) involved in participatory market research on milk in Kilosa and Mvomero districts to identify potential milk buyers; coaching and mentoring provided to 19 producer groups with service contracts; producers in Ubiri and Viti facilitated to develop bankable business plans; business opportunity seminar conducted for 20 milk traders; follow-up mentoring and coaching of the traders; the 5 prospective ASAS groups sensitized on milk bulking</p>		
	<p>1.3 DMHs evaluations undertaken and used for improving the performance of dairy value chains:</p> <p>1.3.1 DMHs assessments to provide information for decision making</p>	<p><i>Indicator in Jun'15-May'16 work plan: Lessons on DMH strengths & weaknesses</i></p> <p>MLE framework approved by IA; tool for monitoring and evaluation surveys developed;</p>	<p>On track</p>	

	Conduct market assessments at DMHs; conduct ex-ante assessments of DMH interventions; adapt stage-gating tool for initial set of DMHs	second monitoring of outcomes survey undertaken and data analyzed; ex-ante assessments undertaken based on systems dynamics modeling, DMH preferences other approaches		
Objective 2: Generate and communicate evidence on business and organizational options for increasing participation of resource poor men and women in dairy value chains	2.1 DMHs act as platforms for generating and communicating evidence on business and organisational options for increased participation of resource poor men and women in the dairy value chain: 2.1.1. Targeted research Targeted research at DMHs depending on identified technical constraints, innovation Platforms in some; 2.1.2. Gender analysis and gender mainstreaming of DMHs Analyse gender based constraints to participation and benefits at DMHs	<i>Indicators in Jun'15-May'16 work plan: 3 functional IPs; # adoption/targeted studies; # gender studies</i> 3 targeted studies completed; Significant progress on ongoing studies Proposal on integrating gender analysis in monitoring outcomes developed 2 gender studies	On track	
	2.2 Value chain governance strategies and interventions strengthened to generate, package, and communicate information critical to DHMs rollout 2.2.1 Improving quality assurance services and communication Detailed activities under collaborative Research Agreement (CRA) with TDB. Activities cover: Awareness creation and mobilisation; initiation of training and certification; internal capacity; improve quality assurance guidelines; certify trained milk traders; promote training and certification BDS scheme; increase communication among dairy stakeholders through DDF, NDDC and other channels	<i>Cumulative Indicators in Jun'15-May'16 work plan: 40 certified traders; 14 accredited BDS; # policy issues addressed by DDF</i> Out of 54 cumulative target, 6 inspectors, 15 BDS providers and 45 milk traders (25 in this reporting period) trained on milk quality and certified. This represents 122% of cumulative target; 6 th DDF meeting held in May 2016.	On track	
	2.3 Evidence of DMHs as viable and sustainable dairy value chain development models generated and communicated: 2.3.1. Assessment of the efficiency of integrating small-scale informal value chain into the formal and development of scaling	<i>Indicators in Jun'15-May'16 work plan: Key lessons; # feedback workshops</i> Tools designed as part of MLE; second outcome monitoring survey undertaken; foresight	Onset delayed but now on track	

	<p><i>out strategies:</i></p> <p>Design tools for assessment; conduct 1st round of assessment of integrating small-scale/pre-commercial VC into the formal / commercial</p> <p>2.3.2 <i>Delivery of learning products</i></p> <p>Working documents</p>	<p>analysis of the economic climate within which the dairy value chain in Tanzania operate and/or will be operating in the near to medium term future initiated.</p> <p>Various working documents posted on website: see http://livestock-fish.wikispaces.com/VCD+Tanzania ; http://moremilkkit.wikispaces.com/home and http://livestockfish.cgiar.org/focus/tanzania/</p>		
<p>Objective 3: Inform policy on appropriate role for smallholder-based value chains in dairy sector development</p>	<p>3.1 Lessons for sustainable value chain development through evidence-based research, monitoring and evaluation, and recommendations for scaling out developed and disseminated:</p> <p>3.1.1 <i>Generation and communication of evidence and lessons</i></p> <p>Design monitoring tools; Design communication strategy</p> <p>3.1.2 <i>Advocacy</i></p> <p>Launch DDF; Design advocacy strategy linked to project outputs; hold first national dairy policy forum</p> <p>3.1.3 <i>Mid-term and final evaluation</i></p>	<p><i>Indicators in Jun'15-May'16 work plan: Workshops proceedings; # meeting; 1 new investor</i></p> <p>Communication and knowledge sharing plan reviewed; contributions to EADD2-Tanzania (now funded); Theory of Change (ToC) finalized and qualitative baseline conducted</p> <p>Training to improve communications around DDF held on 12-14 May 2014. http://livestock-fish.wikispaces.com/ddf_comms_training. DDF wiki page created http://ddftz.wikispaces.com/ and is operated by TDB. It is linked to activities in a dairy page in Agri-hub Tanzania: http://apf-tanzania.ning.com/group/dairy?xg_source=mes_network</p> <p>Mid-term evaluation of project undertaken.</p>	On track	
<p>General: administrative & coordination</p>	<p>Review meeting with IA; field visit with IA, Mid-term review (MTR) of project</p>	<p>Project reporting calendar revised; Communications Specialist recruited; Steering committee expanded; CRA with Faida MaLi agreed; 3rd, 4th and 5th project planning and review meetings held; MTR of project undertaken</p>	On track.	

Risk Analysis

This should provide an update of the risk analysis table provided at proposal stage, including information on any mitigating actions which have been required, and details of any new risks which have emerged during the implementation period.

No mitigation strategies have had to be implemented to manage the risks identified at the beginning of the project and one new risk related to imports of milk powder has emerged. Given that the project is now entering a critical phase, we review potential risks related to the assumptions in the Results Framework and how they will be managed to mitigate their impact in the remaining months of the project. The probability and potential impact for each identified risk is analyzed. Risk in this context is defined as an event or condition that, if it occurs, could have negative effect on the project's objectives.

Risk management plan

Risk	Level of impact			Probability (1 – 10)	Mitigation strategies
	High	Medium	Low		
Outcome level:					
Government commitments to create incentives for investments in agriculture, expansion of the private sector, are not sustained			√	1	Tanzania has a national development vision up to 2025 and the likelihood of this being changed in the remaining months of the project is low.
Climatic, economic or political conditions become unfavourable			√	1	No indication of imminent adverse climatic changes. Politically, Tanzania remains one of the most stable countries on the continent. The new government is unlikely to significantly alter livestock industry policy. In fact, it is supportive of both the Tanzania Livestock Modernization Initiative (TLMI) launched in July 2015 by the previous government, and ongoing efforts to develop a

					Livestock Master Plan.
Key development and advocacy partners become unviable and not able to perform their role in the project			√	1	Invest in nurturing institutional growth, ownership and understanding of market-oriented project approach among local and national authorities. The DDF has continued to grow and is seen as an important forum for information sharing and policy advocacy. The strategy is to continue to attract participation by different actors. Joint planning and implementation of activities and increased presence of ILRI in the field during mentoring and backstopping of dairy hubs.
Objectives/outputs level					
Actors in dairy value chain not able & willing to participate in DMHs		√		4	Avoid high capital-intensive intervention options. Targeting of influential, progressive, enterprising and risk-tolerant individual value chain actors in each site. This is particularly important in Wami Sokoine, where the producer group has generally been reluctant to participate in group activities because of the absence of “compensation for their time”. Tailor interventions and backstopping support to the unique needs and context of individual value chain actors. Undertake experimentation on a limited scale for selected interventions and selected individuals to motivate change in attitude and behaviour.

Increase in supply of reconstituted milk processed from relatively cheap imported milk powder.			√	1	Support lobbying and advocacy for policies favourable to growth of domestic dairy value chains. DDF to support activities promoting consumption of domestically produced milk.
Input & service delivery partners not able & willing to service hub demands			√	2	Nurture growth of BDS
Policy environment for community resource management, service provision, infrastructure and marketing becomes unfavourable			√	1	Conduct policy analyses to inform decision makers. The 4th meeting of the DDF included a review of all government policies and regulations impacting the dairy industry. Strengthen interaction between dairy value chain actors in the different dairy market hubs and local governments.

Probability: High – Greater than 70% (>7) probability of occurrence; Medium – Between 30% and 70% (>3 & <7) probability of occurrence, Low – Below 30% (<3) probability of occurrence| Impact: High – Risk that has the potential to greatly impact project cost, project schedule or performance. Medium – Risk that has the potential to slightly impact project cost, project schedule or performance. Low – Risk that has relatively little impact on cost, schedule or performance.

Financial Report

The financial report can be submitted either as an annex to the narrative report, or in a separate document. It should clearly match the narrative report, and provide a detailed breakdown of the different budget categories in relation to all of the activities undertaken, as per the original budget provided.

The project carried over €167,555 into the calendar year 2016 out of which €78,984 was still unspent by end of March 2016. This total expenditure out of the grant of €400,000 for the current financial year ending 31 May 2016 was therefore €321,016 (80%). In April 2016, the project received formal approval from Irish Aid to expend the ring fenced additional funds i.e. Euro 200,000 for 2015 & 2016, "In response to the positive steps that ILRI has taken to address the key MTR findings and their recommendations". The expenses related to this ring-fenced amount will be captured alongside the base grant in expenditure reports from April 2016 onwards. Most expenses were incurred directly by ILRI over the period pending agreements with partners on their work plans post MTR. This explains the over-expenditure in travel costs some of which would have been included in partner budgets. The rebalancing will occur in the next reporting cycle. The financial report below is also attached as a separate file.



PROJECT FINANCIAL REPORT

Donor: Embassy of Ireland
 Organization: International Livestock Research Institute (ILRI)
 Title: More milk by and for the poor: adapting dairy hubs for smallholder value chains in Tanzania
 Reporting Currency: EUR
 Reporting Period: 1st Jan - 31st Mar 2016

	Project Budget			Project expenditure			Budget Balance
	Apr 2014 - May 2015	June 2015 - May 2016	Total Budget	Apr 2014 - Dec 2015	Jan 2016 - Mar 2016	Total Expenditure	Apr 2014 - Mar 2016
INCOME:							
Funds Received:				800,000	0	800,000	
Interest Earned				3,109	0	3,109	
Interest adj for yr 2014				35	0	35	
Total Income				803,144	0	803,144	
PROJECT EXPENDITURE:							
Technical input costs	122,598	143,643	266,241	189,926	37,730	227,656	28,562
Services	176,676	147,324	324,000	263,868	16,202	280,070	42,130
General Expenses	16,024	17,018	33,043	26,561	207	26,768	3,275
Travel	32,329	39,641	72,171	66,632	20,876	87,507	-7,337
Total Direct Costs	347,627	347,626	695,253	547,987	77,014	625,002	88,650
ILRI overhead (15%)	52,174	52,174	104,348	83,601	11,557	95,158	8,190
Total Project Costs	400,000	400,000	800,000	635,589	88,571	724,160	75,840

Funds Balance

78,984

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Case Studies

Please provide short case studies of individuals or groups who have benefitted from this particular project, with an emphasis on demonstrating the impact of the project on beneficiaries.

Box 1: How business in 'dhahabu nyeupe' has helped Ms. Manka Kimaro

Milk in Tanzania is often referred to as 'dhahabu nyeupe' (Swahili for white gold), given its contributions to household income, quality nutrition and food security. Many milk traders in the project's pilot sites operate in dairy market hubs where they (and the producers they are linked to) are trained in dairy business management, animal husbandry and organizational development.

In November 2015, MoreMilkiT led a business opportunity seminar in Morogoro for 25 milk traders including six women to help them strengthen their dairy businesses which are linked to producers in and outside the project.

We talked with some participants to hear their stories. Below is the story of Manka Kimaro.



Manka Kimaro is a mother of three who has operated her milk selling business for 10 years in Mbuzii village, Tanga. Kimaro has seen her enterprises grow because of selling milk and now owns several businesses and plans to build a storage structure to accommodate the increasing quantities of milk and clientele. As a member of the 'Maziwa Zaidi' (meaning more milk) Mbuzii group, she is linked to other milk producers and traders and input and service providers. Group members have signed agreements with service providers and are operating a check off system for procuring inputs and services on credit.

Manka Kimaro: *Income from selling milk and inputs is helping build my house.*

Manka's life turned around after the MoreMilkiT project facilitated villagers to form a producer group that became the foundation for the dairy market hub in Mbuzii village. Since then, the group has been equipped with skills on how to manage their group and dairy businesses. She says market linkages facilitated by the project have strengthened her business and relationship with milk producers and input providers.

'I buy animal medicine on credit from Mbegu's veterinary shop on behalf of those who sell milk to me and then deduct the cost from my payment for their milk'. She handles up to 40 litres of milk daily and the volumes are increasing. 'I also own a shop and a small café where I sell meat, rice, petroleum, maize bran and other home supplies on credit to group members who supply me with milk'. She says the seminar helped her understand that 'it's okay to make little profits to cover my business costs'. She now plans to put up a milk collection unit to increase capacity for milk collection and look for markets as far as Dar es Salaam.

Having been in the milk business for a long time, Kimaro lights up when she talks about its benefits. 'All my children have gone through private schools and the eldest has joined university. I am also building a house for my family. This training will help me strengthen my business'. She plans to mentor her two farmer friends whom she says have the potential to venture into the business.

Other stories similar to Manka's can be found in this blog: [White gold: Milk business improving lives of Tanzania traders](#)

Conclusion and Next Steps

This report highlights case studies, decisions and actions taken from September 2015 to March 2016, which have mainly been in response to the recommendations of the MTR. There has been greater emphasis on prioritizing field interventions, demonstrating impact, and consolidating lessons learned. Lessons learned thus far, and, indeed, the MTR have been instructive in getting the project to focus a greater part of the remainder of its efforts towards interventions with a higher potential for impact, yet remaining on course to completing all field activities by October 2016. This, however, does not mean that interventions that have yielded insignificant impact were of no value; this being a Research in Development project means that even seemingly insignificant outcomes offer valuable lessons regarding formation of DMHs.

The project has begun formulating an exit strategy, while also emphasizing the need to ensure sustainability of the project activities. As a first step in the exit strategy, the project intends to undertake a process of graduating the established dairy market hubs or handing them over to the LGAs. The process, which is often aided by a stage-gating tool, involves assessing the level of development of each hub with the aim of determining which hub(s) would or would not need further support. Well-functioning hubs are expected to be driven by (responsive to) market elements and therefore hubs that would not need further external support would be regarded as being self-sustaining. In essence, strategies for ensuring sustainability would be targeted at hubs that would still require external help, and these strategies would have to be specific to each hub.

The remaining duration of the project will be dedicated to consolidating lessons in terms of what works well, where, how and why, with a focus on the factors that enable pre-commercial producers to become more commercial. These lessons will be widely shared at workshops and policy forums that the project will organize. Below is a tentative schedule of the remaining key activities as reflected in the June 2016 – May 2017 AWPB.

1. Mentoring, coaching and deepening learning: June – Dec 2016
2. Handing over of hubs following producer organization / private businesses sustainability assessment or stage-gating: Jul 2016
3. Final monitoring survey and data analysis: Aug-Oct 2016
4. Theory of Change (ToC) critical reflection with partners 31 Oct - 1st Nov 2016
5. Write-shop to consolidate what works well, where and how 2-4 Nov 2016
6. Reports writing: Nov 2016-Feb 2017
7. Policy forum/ conference on what works well, where and how: Mar/Apr 2017